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SUBJECT: GERMAN POLITICAL ICON COUNT OTTO LAMBSDORFF PASSES AWAY

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[¶1.](#) (U) Summary: Germany's political establishment remains in shock after Count Otto Lambsdorff -- a strong force in transatlantic relations and one of the country's most prolific politicians in the post-World War Two era -- passed away on December 5. Lambsdorff served as the Free Democratic Party's (FDP) Chairman and Economics Minister under Chancellors Helmut Schmidt and Helmut Kohl. His reputation as a German proponent of the free market was unrivalled. Together with his party colleague Hans-Dietrich Genscher, he was the dominant force in the FDP from the mid-1970s to the mid 1990s. Lambsdorff also made a name for himself as a staunch supporter of close U.S. - German ties; he was well-traveled in the United States and he made a point of visiting Capitol Hill and successive U.S. Administrations on a yearly basis. Although Lambsdorff retired from active politics in 1998, he served as former Chancellor Gerhard Schroeder's government commissioner for the compensation of forced laborers and was instrumental in setting up a special 5 billion Euro fund for the compensation of Nazi victims in Eastern Europe in 2001. In statements made on December 6 and 7, Chancellor Angela Merkel, Foreign Minister Guido Westerwelle, and North Rhine Westphalia (NRW) Minister-President Juergen Ruettggers paid tribute to Lambsdorff's merits and achievements. End summary.

From Reich to Republic, from business to politics

[¶2.](#) (U) A member of an old noble family from the Baltic region that was part of the Czarist Russian Empire, Lambsdorff was born in the Rhineland and grew up in Berlin. A WWII veteran (he lost a leg as a 17-year old on the Italian front in 1944), he returned from the war eager to participate in the reconstruction of a new democratic Germany, making his home in NRW. A lawyer by profession, Lambsdorff first pursued a successful career in banking and insurance before running for the Bundestag in 1972, where he served until 1998. He joined the FDP in 1951 and served as treasurer of the party in NRW from 1968 to 1978. This state party function proved to be of fateful significance for his later career.

The longest serving Economics Minister after Erhard

[¶3.](#) (U) As economic policy spokesman for the FDP Bundestag group from 1972 to 1977, and then again from 1984 to 1997, Lambsdorff made a name for himself as an outspoken champion of the free

market economy. In October 1977, he was appointed Economics Minister in Chancellor Helmut Schmidt's second cabinet and continued in the same function in Schmidt's third cabinet. In September 1982, he wrote a memorandum to the Chancellor (later known as the "Lambsdorff Paper") in which he called for and outlined new budgetary policy guidelines. This paper was instrumental in bringing down the SPD-FDP government coalition and opening the way for the new CDU/CSU-FDP coalition under Helmut Kohl. Lambsdorff kept his portfolio under the new Chancellor, but at the end of June 1984 he resigned from his cabinet position that he had held for almost 7 years (longer than any other of the 15 German Economics Ministers since 1949, except for the FRG's first Economics Minister, Ludwig Erhard (CDU)). During his period as minister, he made it his mission to travel annually - if not more often - to Washington, meeting with USG officials and on Capitol Hill, building the personal relations that became his hallmark. He was regarded in Germany and in the United States as a force for promoting U.S.-German ties.

Resignation from the cabinet, followed later by election as FDP chairman

14. (U) Lambsdorff resigned as a result of a criminal investigation on charges of abetting tax evasion (during his time as FDP treasurer in NRW) in connection with dubious party financing deals that became public in the wake of the so-called "Flick scandal" of the early 1980s. Other parties, not only the FDP, were involved in this scandal as well, but Lambsdorff was

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the most prominent politician affected by this scandal and its aftermath. In 1987, he was sentenced to a DM 180,000 fine by the Bonn regional court. Since his integrity was never in doubt, he remained active in politics, and in 1988 was elected the FDP's national chairman. He was re-elected to that a position several times before he retired as chairman in 1993, but carried on (together with Genscher and former German Federal President Walter Scheel) as honorary chairman of the FDP.

Commissioner for Forced Laborer compensation and chairman of Naumann Foundation

15. (U) As an elder statesman, Lambsdorff continued to play an important role in Germany's political scenery, even after he retired from the Bundestag in 1998. He served as chairman of the Friedrich Naumann Foundation, a political foundation closely affiliated with the FDP, from 1995 to 2006. In 1999, then-Chancellor Gerhard Schroeder asked Lambsdorff to take over as the government's commissioner for the compensation of forced laborers. It was mostly thanks to Lambsdorff's negotiating skills that it was possible to set up a special 5 billion Euro fund for the compensation of such Nazi victims in Eastern Europe in 2001.

Germany's Political Elite Pays Tribute to Lambsdorff

¶6. (U) In public statements on December 6 and 7, Chancellor Angela Merkel, Foreign Minister Guido Westerwelle, and NRW Minister-President Juergen Ruetters paid tribute to Lambsdorff's merits and achievements. Merkel said Lambsdorff "had a tremendous influence on German economic policies for many years and will be remembered as one of the great personalities of our social market economy." Westerwelle and Ruetters spoke in a similar vein. Ruetters praised Lambsdorff's "ability to explain complicated economic contexts and facts in a simple, yet powerful language." Lambsdorff is survived by his wife Alexandra and three children from a previous marriage.

¶7. (U) The Ambassador is sending a letter of condolence to Countess Lambsdorff and we recommend the Department do the same.

¶8. (U) This message was coordinated with Embassy Berlin.
WEINER